



**Doug Sutherland**  
Commissioner of Public Lands

January 14, 2005

The Honorable Steve Tharinger, Chair  
Clallam County Commissioners  
223 E Fourth St Ste 4  
Port Angeles, WA 98362

Subject: Projection of Income from State Forest Board Lands

Dear Commissioner Tharinger *Steve*

State forest board lands in Clallam County generated \$4.8 million actual revenue during calendar year 2004. This represents an increase of \$890 thousand from the October 2004 report. Net value under contract projected for harvest in 2005 is \$1.8 million. Net value under contract for harvest after December 2005 is estimated at \$111 thousand. This timber could be harvested earlier if market conditions, purchaser harvesting plans, and/or regulatory requirements warrant.

The figures in this report are based on a survey of purchasers with timber sales under contract as of December 31, 2004. Department of Natural Resources' region staff should be contacted concerning possible fluctuations in timber harvest for sales under contract, and the schedule of future sales activity on state forest board lands.

Total revenue from all state forest board lands distributed during calendar year 2004 was \$73.7 million. Net value projected for harvest in calendar year 2005 is \$49.2 million. This represents an increase of \$15.8 million or 47.2 percent from the projection in the October 2004 report. The total net value under contract for harvest after December 2005 is estimated at \$5.6 million.

Timber removals projected for 2005 indicate revenues from state forest board lands will remain near the levels reached in 2004. Harvest activity continues to be volatile as purchasers balance their timber supply options and mill inventory needs with changes in end-product markets. The primary drivers for individual purchaser's timber harvest plans remain market conditions, both domestic and foreign, with timber supply concerns, contract requirements, and regulatory requirements influencing individual sale harvest decisions.

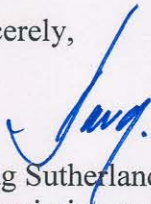
Department of Natural Resources  
1111 Washington ST SE  
PO Box 47001  
Olympia, Washington 98504-7001  
(360) 902-1000



The Honorable Steve Tharinger  
Page 2 of 2  
January 14, 2005

The next projection of state forest board revenues will be available in April 2005 and at that time, the Department of Natural Resources will begin electronically distributing the quarterly county income reports. Charlie Cortelyou, Olympic Region Manager, can advise you of department management programs in your county, as well as other activities impacting revenues. Charlie can be reached at 360.374.6131.

Sincerely,



Doug Sutherland  
Commissioner of Public Lands

Enclosures

ac

## **County Income Report January 2005**

Income from management activities on state forest board lands is designated for allocation to several taxing districts in each county, depending upon the location of the activity in that county. Only a very small amount is available for discretionary use by the county.

Revenue from state forest board lands come primarily from harvested timber. Lease activities and rights-of-way applications provide additional sources of revenue. Another source of revenue to the counties is leasehold tax returns, which will vary with the amount of lease activity in any given year.

**Table 1** shows the annual revenue for each county from calendar year 1995 through calendar year 2004. As is evident in Table 1, total revenue varies considerably from year to year. Many of the key variables responsible for high revenues in one year can also lead to reduced incomes the following year.

Revenue projections for each of the 19 counties with state forest board land were made for the calendar year 2005. **Table 2** includes the summary of all timber harvest projections listed in Table 2A, and is combined with an estimate of additional revenue from leases, rights-of-way applications, and other activity on state forest board lands. **Table 2A** presents projected revenue for each timber sale on state forest board lands.

**Table 3** presents the volume and net value under contract as of December 31, 2004 that is not currently scheduled for harvest until after December 2005.

These projections were developed by Department of Natural Resources' region staff who contacted each timber sale purchaser with sale rights, to determine approximately how much and when they planned to harvest the timber in each sale.

Projections for each sales anticipated harvest should be considered a rough estimate only, as actual removal activity depends on individual sale characteristics (species, volume, location, etc.), combined with outside market factors as determined by each purchaser.

The schedule of future state forest board timber sales in your county is available upon request from Department of Natural Resources' region staff.

**Table 1. Revenue to Counties from State Forest Board Transfer and Purchase Lands (Calendar Years)**

Updated: 01/10/05

County	1995	1996	1997	1998	1999	2000	2001	2002	2003	Jan - Dec 2004
Clallam	\$13,954,997	\$21,453,508	\$10,271,598	\$12,686,274	\$8,067,336	\$5,758,321	\$6,963,919	\$3,600,540	\$4,777,301	<b>\$4,426,097</b>
Clark	5,429,244	2,847,886	5,021,940	6,007,736	5,201,304	2,366,311	3,573,835	2,313,003	3,820,106	<b>4,092,569</b>
Cowlitz	3,276,923	4,079,212	3,357,206	3,017,014	3,348,777	1,212,652	1,839,302	5,001,470	2,934,808	<b>215,329</b>
Grays Harbor	3,356,872	2,780,804	4,943,351	1,784,346	2,028,606	2,352,472	1,862,881	3,293,823	2,107,685	<b>1,776,300</b>
Jefferson	2,361,813	3,272,441	556,130	1,957,760	1,663,170	1,649,297	518,203	1,778,453	889,650	<b>1,631,808</b>
King	821,501	1,096,697	2,993,582	2,160,183	3,223,396	1,143,568	1,835,851	1,976,627	2,889,619	<b>4,388,319</b>
Kitsap	654,183	725,435	3,004,528	406,398	753,902	599,418	729,223	31,508	626,030	<b>1,109,673</b>
Klickitat	331,503	1,282,502	15,947	15,094	907,813	1,306,269	1,988,025	263,951	1,207,848	<b>112,777</b>
Lewis	15,819,972	12,892,185	12,302,198	14,631,380	12,730,883	10,052,997	3,945,857	1,534,075	5,493,493	<b>4,356,765</b>
Mason	794,665	1,268,182	2,081,988	2,357,532	1,837,711	2,799,623	1,321,104	2,382,746	2,379,357	<b>5,336,229</b>
Pacific	4,389,035	592,612	3,194,157	2,296,047	6,323,846	2,771,851	4,007,787	969,916	1,875,588	<b>2,051,170</b>
Pierce	1,297,002	8,463	1,871,447	607,701	1,943,460	529,510	1,469,706	2,237,462	3,571,913	<b>5,620,352</b>
Skagit	10,543,265	8,888,129	11,372,252	9,187,203	11,422,067	9,194,478	5,509,637	13,209,159	8,973,769	<b>9,620,659</b>
Skamania	980,303	2,162,216	788,119	2,385,689	3,933,138	755,801	768,791	55,235	68,576	<b>533,038</b>
Snohomish	8,025,444	13,347,951	16,030,098	3,427,872	13,750,038	14,528,018	8,543,151	6,452,352	10,398,846	<b>13,664,903</b>
Stevens	31,315	33,941	31,821	36,075	43,894	30,236	43,769	33,815	39,619	<b>36,945</b>
Thurston	4,976,402	6,202,584	11,252,520	8,127,942	7,573,165	6,156,550	8,080,735	3,770,580	4,523,536	<b>6,270,700</b>
Wahkiakum	2,352,302	2,137,474	5,461,307	1,164,313	2,503,796	1,481,581	2,244,642	2,414,098	2,011,817	<b>1,015,082</b>
Whatcom	3,045,042	9,003,843	8,671,921	5,078,947	6,824,410	4,059,821	5,759,368	5,525,028	6,993,439	<b>7,467,518</b>
<b>Totals</b>	<b>\$82,441,782</b>	<b>\$94,076,064</b>	<b>\$103,222,110</b>	<b>\$77,335,506</b>	<b>\$94,080,712</b>	<b>\$68,748,774</b>	<b>\$61,005,786</b>	<b>\$56,843,841</b>	<b>\$65,583,000</b>	<b>\$73,726,233</b>

Note: Revenue is received daily by the Department of Natural Resources for activities on State Forest board lands and deposited daily at the Office of State Treasurer. Effective February 1998 these monies are remitted to each county via wire transfer a minimum of four times per month. Due to the specific date monies are received by the Department and the cutoff dates used by the State Treasurer for wire transfers, the revenue for the current period may be different than actual remittances to date.



**Table 2. Total Projected Revenues to Counties from State Forest Board  
Transfers and Purchase Lands <sup>1/</sup>**  
(Dollars in Thousands)

<b>County</b>	<b>January thru June 2005</b>		<b>July thru December 2005</b>	
	<b>High</b>	<b>Medium</b>	<b>High</b>	<b>Medium</b>
Clallam	\$2,075.0	\$2,485.1	\$466.6	\$798.6
Clark	1,984.1	1,984.1	197.9	197.9
Cowlitz	646.0	646.0	2,644.5	2,644.5
Grays Harbor	1,310.0	1,498.3	1.0	1.0
Jefferson	460.7	866.2	3.9	817.8
King	743.2	809.0	22.3	22.3
Kitsap	14.9	14.9	7.7	7.7
Klickitat	91.8	91.8	67.8	67.8
Lewis	6.4	6.4	1,135.9	1,135.9
Mason	1,464.1	1,967.9	12.1	12.1
Pacific	2,117.7	2,117.7	618.2	618.2
Pierce	0.0	694.5	3.6	463.1
Skagit	4,489.7	4,786.4	3,618.4	3,618.4
Skamania	17.3	17.3	269.1	269.1
Snohomish	8,490.2	8,490.2	4,349.4	4,644.6
Stevens	6.1	6.1	26.7	26.7
Thurston	2,857.9	3,078.1	204.7	204.7
Wahkiakum	362.3	362.3	18.8	18.8
Whatcom	3,348.8	3,440.4	296.4	296.4
<b>Totals</b>	<b>\$30,486.2</b>	<b>\$33,362.7</b>	<b>\$13,964.9</b>	<b>\$15,865.5</b>

<sup>1/</sup> **High - 90 percent reliability that timber harvest will occur and stated revenue will be transmitted.  
Medium - 50 percent reliability that timber harvest will occur and stated revenue will be transmitted.**

**Note: Projected revenues are based on timber purchaser's logging plans as of [December 2004](#). These plans change with changes in the economy and the business needs of each purchaser. Department of Natural Resources' region staff should be contacted concerning possible fluctuations in timber harvest for sales currently under contract and the schedule of future sales on State Forest Board Lands in your county.**

**Table 2A. Projected Timber Harvest Revenues to Clallam County from State Forest Board Transfer and Purchase Lands by Legal Description**  
(Thousands of Dollars)<sup>1/</sup>

Sale App. Number	Sale Name	Expiration Date	Legal Description			January thru June 2005		July thru December 2005		Value Under Contract after <a href="#">Dec-05</a>
			Section	Township	Range	High	Medium	High	Medium	
74635	Rooster 30 PC	10/31/06	1,2,11,12 6	31N 31N	13W 12W	247.5	247.5	0.0	0.0	0.0
74790	Bedrock #2	09/30/07	4,9	29N	12W	0.0	410.1	0.0	331.9	0.0
74826	3 Rivers Rehab	12/31/05	16, 21	28N	14W	105.2	105.2	0.0	0.0	0.0
74827	Mustard & Relish	10/31/05	32 9,16,17	30N 31N	12W 12W	426.3	426.3	273.3	273.3	0.0
74845	Dry Clean	08/31/05	18 13	30N 30N	6W 7W	744.5	744.5	0.0	0.0	0.0
76289	Shuwah Jigsaw	10/31/06	1, 12	29N	13W	432.8	432.8	88.8	88.8	0.0
<b>Total</b>						<b>\$1,956.4</b>	<b>\$2,366.5</b>	<b>\$362.0</b>	<b>\$694.0</b>	<b>\$0.0</b>

<sup>1/</sup> High - 90 percent reliability that timber harvest will occur and stated revenue will be transmitted.  
Medium - 50 percent reliability that timber harvest will occur and stated revenue will be transmitted  
Values are cumulative from high to medium probability.

**Note:** Projected revenues are based on timber purchaser's logging plans as of [December 2004](#). These plans change with changes in the economy and business needs of each purchaser. Department of Natural Resources regional staff should be contacted concerning possible changes in timber harvest plans and for copies of sale area maps for specific locations of timber sales within the legal descriptions listed above

**Table 3. Volume and Net Value of Timber under Contract on State Forest Board Transfer and Purchase Lands for Harvest after Calendar Year 2005 <sup>1/</sup>**

<b>County</b>	<b>Volume (mbf)</b>	<b>Net Value</b>
Clallam	0	\$0
Clark	2,827	800,849
Cowlitz	0	0
Grays Harbor	0	0
Jefferson	0	0
King	0	0
Kitsap	0	0
Klickitat	4,727	1,080,383
Lewis	4,418	1,243,553
Mason	0	0
Pacific	0	0
Pierce	0	0
Skagit	6,928	1,396,891
Skamania	4,368	581,645
Snohomish	2,606	498,897
Thurston	0	0
Wahkiakum	0	0
Whatcom	0	0
<b>Totals</b>	<b>25,874</b>	<b>\$5,602,217</b>

<sup>1/</sup> Normally, counties receive 78 percent of Forest Board Transfer revenues and 26.5 percent of Forest Board Purchase revenues.

**Note:** The sales represented here are currently under contract as of December 2004. This timber could be harvested at any time depending on market conditions and business needs as determined by each purchaser. Sales to be sold in the future could provide additional revenue to your county. Department of Natural Resources' region staff should be contacted concerning future sale activity and dates.